

To The Honorable Judge Glenn,

As you may have learned, Celsius had different lines of business (or buckets, each one represented by a different corporation). One of them was Celsius Lending, LLC—loan services directed to retail. Celsius Network Lending, LLC was another entity directed to institutional lending, but for the purpose of this letter, I am only focusing on Celsius Lending, LLC.

All retail loans were issued by Celsius Lending, LLC. Our loan agreement with Celsius Lending, LLC was clear. Customers deposited collateral (up to 4x times the amount we borrowed), and Celsius Lending, LLC would deposit cash or stable coins (USD denominated) at an account of our choice at a very competitive rate (typically 0.1 thru 4.95% APR).

The reason why Celsius was able to offer such low rates on USD loans was partly due to the fact—according to them—that they didn't pay rewards on locked collateral.

Celsius has always referred to us borrowers as customers, and our collateral as “your collateral” and “your digital assets.” You can read hundreds of these examples in many blogs & FAQ pages, as well as watch the CEO in AMA videos every Friday evening (many of the videos have been intentionally removed by Celsius to apparently delete or obfuscate compromising evidence that would go against the narrative they are selling that it's their coins). To illustrate, copying some of those examples here:

1/ On this page <https://celsiusnetwork.medium.com/celsius-loan-faqs-a3b0aea5b943>

“learn more about how to borrow against your digital assets and what the loan process is like in the Celsius app”

2/ On this image https://miro.medium.com/max/1400/1*Ktc_cUru_EN3ug7AmgsaCA.png

“don't sell your crypto – borrow against it!”

3/ On this page <https://celsius.network/crypto-loans>

“you can now borrow against your crypto starting at only 0.1% APR”

4/ On this page <https://support.celsius.network/hc/en-us/articles/360002129658-Do-I-earn-rewards-on-the-coins-that-are-locked-as-collateral->

“when your crypto is locked as collateral against your loan, you are not earning rewards on it.

So why did we borrow against our digital assets?

By adding collateral to get a retail loan issued by Celsius Lending, LLC, we (customers) were borrowing against our digital assets. Few important points:

- One of the benefits of this – according to the IRS – is that when you borrow against your digital assets, that doesn't constitute a taxable event, as opposed to selling digital assets that has tax consequences that could result in tax liability. The IRS considers cryptocurrency holdings to be “property” for tax purposes.
- If we defaulted on the loan, then there was risk of liquidation—that was clear. The collateral was safely stored by Celsius Lending, LLC and to be returned to us as soon as we pay off the loan. There was also an option to pay off loan early paying at least 6 months of interest.

- By having our crypto locked as collateral, we were choosing not to earn rewards in Celsius, neither staking rewards on other platforms for certain coins such as ADA or DOT, for instance. In addition, there was an opportunity cost that we customers had to weigh-in every time we borrow against our crypto. Most uses were cash to buy a car, pay tuition, pay taxes or whatever else any middle-class family must pay in daily lives. It was all done quickly and efficiently.

Conclusion / Final thoughts:

I'm very troubled to think that my collateral (loan #160242) is at risk when I have fulfilled so far, my part of the bargain. I request that we can pay off our loans and get 100% of our collateral back in kind into a whitelisted withdrawal external address already listed in Celsius app. Please treat our collateral fairly. We pay off our loan, we get our collateral back.

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